

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Competitive Product Prices  
Parcel Select & Parcel Return Service Contract 3  
(MC2012-15)  
Negotiated Service Agreement

Docket No. CP2012-22

PUBLIC REPRESENTATIVE COMMENTS ON  
POSTAL SERVICE NOTICE OF AMENDMENT TO PARCEL SELECT AND PARCEL  
RETURN SERVICE CONTRACT 3

(July 7, 2015)

I. INTRODUCTION

The Public Representative hereby provides comments pursuant to Order No. 2562.<sup>1</sup> In that Order, the Commission reopens the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service Notice of amendment to Parcel Select & Parcel Return Service Contract 3.<sup>2</sup>

II. BACKGROUND

The Commission approved the original Parcel Select & Parcel Return Service Contract 3 in Order No. 1348, dated May 21, 2012.<sup>3</sup> On October 31, 2014, the

---

<sup>1</sup> Notice and Order Concerning Amendment to a Parcel Select and Parcel Return Service Negotiated Service Agreement, July 2, 2015 (Order No.2562).

<sup>2</sup> Notice of United States Postal Service of Amendment to Parcel Select and Parcel Return Service Contract 3, with Portions Filed Under Seal, June 26, 2015 (Notice).

<sup>3</sup> Order Adding Parcel Select & Parcel Return Contract 3 to the Competitive Product List, May 21, 2012 (Order No. 1348). See *also*: Notice of the United States Postal Service of Filing Errata to Request and Notice, May 7, 2012.

Commission approved the first amendment to the original contract (Amendment 1).<sup>4</sup> On June 26, 2015, the Postal Service filed notice that it has agreed to the second amendment to the existing Parcel Select & Parcel Return Service Contract 3 (Amendment 2). The Postal Service states that the terms of the contract “have changed as contemplated by the contract’s terms”. Notice at 1. The Postal Service also maintains that the Amendment 2 will not materially affect the cost coverage of Parcel Select & Parcel Return Contract 3 and, therefore, “the supporting financial documentation and financial certification initially provided in this docket remain applicable”. *Id.*

To support the Notice, the Postal Service filed a redacted copy of the Amendment 2 in Attachment A. The Postal Service also filed (under seal) the unredacted amendment with the Response to CHIR No. 1.<sup>5</sup> The Amendment 2 is scheduled to become effective one business day after the Commission completes its review of the filing. Notice at 1.

### III. COMMENTS

*Requirements of 39 U.S.C. § 3633.* Pursuant to section 3633(a), prices for competitive products must cover each product’s attributable costs, not result in subsidization of competitive products by market dominant products, and ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service. The Public Representative has reviewed the financial worksheets filed under seal with the Notice of Amendment 1, as well as all other documentation related to the original Parcel Select & Parcel Return Contract 3 and both the Amendment 1 and 2. The Public Representative has also reviewed the library reference related to the Negotiated Service Agreements and filed (under seal) in the FY 2014 Annual Compliance Report.

---

<sup>4</sup> Order Approving Amendment to Parcel Select & Parcel Return Service Contract 3 Negotiated Service Agreement, October 31, 2014 (Order No. 2233). See also Notice of United States Postal Service of Change in Prices Pursuant to Amendment to Parcel Select and Parcel Return Service Contract 3, October 20, 2014 (Notice of Amendment 1).

<sup>5</sup> Response of the United States Postal Service to Chairman’s Information Request No.1, July 1, 2015 (Response to CHIR No. 1).

Based upon that review, the Public Representative concludes that in FY 2014, Parcel Select & Parcel Return Contract 3 generated sufficient revenue to cover costs and satisfy the requirements of 39 U.S.C. § 3633(a). The contract contains several terms that affect prices and adjust them periodically. Notice of Amendment 1, Attachment A. These terms should help maintain the contract's ability to meet the requirements of 39 U.S.C. § 3633(a) over the lifetime of the contract.<sup>6</sup> The Commission will have an opportunity to review the revenue, cost and volume data for the amended Parcel Select & Parcel Return Contract 3 in the future Annual Compliance Determination Reports.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

---

Lyudmila Y. Bzhilyanskaya  
Public Representative

901 New York Ave. NW  
Washington, DC 20268-0001  
202-789-6849  
lyudmila.bzhilyanskaya@prc.gov

---

<sup>6</sup> Contract 3 is scheduled to expire on May 31, 2019, subject to early termination provisions. Order No. 1348 at 4 and Order No. 2233 at 3-4.